


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 09-0653
Prime Sponsor(s): Sen. Isgar
 Rep. Roberts

Date: January 29, 2009
Bill Status: Senate Agriculture
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING ADDITIONAL FUNDING FOR AGRICULTURAL ENERGY-RELATED PROJECTS THROUGH THE AGRICULTURE VALUE-ADDED CASH FUND.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue	\$0	\$0
State Transfers or Diversions Transfer from the Severance Tax Trust Fund to the Agricultural Value-Added Cash Fund	(\$307,020)	(\$309,761)
State Expenditures Cash Funds Agricultural Value-Added Cash Fund	\$307,020	\$309,761
FTE Position Change	0.0 FTE	0.0 FTE
Effective Date: July 1, 2009.		
Appropriation Summary for FY 2009-2010: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill extends the funding for the Department of Agriculture to promote agricultural energy-related projects and research until FY 2011-12. Under current law, this funding would cease at the close of FY 2008-09.

Transfers and Diversions

HB 06-1322 appropriated \$500,000 annually from the Operational Account of the Severance Tax Trust Fund for FY 2006-07 through FY 2008-09 to the Colorado Agricultural Value-Added Development Board to promote agricultural energy-related projects and research. The bill specified that such appropriations would be provided assuming that sufficient funds existed. This appropriation from the Operational Account is categorized by the Department of Natural Resources (DNR) as a "Tier 2" program.

HB 08-1398 established the default mechanism for balancing spending from the Operational Account of the Severance Tax Trust Fund by making proportionate reductions to Tier 2 programs. Under the DNR's current projections of Operational Account spending based on the December 2008 Legislative Council Staff revenue forecast, Tier 2 programs will be reduced by 37.8 percent in FY 2009-10 and 36.7 percent in FY 2010-11 if no new legislation is passed. The passage of this bill would increase obligations, and thus increase these percentages to 38.6 percent and 38.0 percent, respectively. Thus, transfers to the Agricultural Value-Added Cash Fund would be reduced to \$307,020 in FY 2009-10 and \$309,761 in FY 2010-11.

State Expenditures

Department of Agriculture. This bill requires the department to manage \$307,020 in FY 2009-10 and \$309,761 in FY 2010-11 to promote agricultural energy-related projects and research. It is anticipated that any administrative costs associated with administering these grants will be minimal and may be absorbed within existing budgetary resources.

State Appropriations

For FY 2009-10, the Department of Agriculture will require an appropriation of \$307,020 from the Agricultural Value-Added Cash Fund for the moneys transferred from the Operational Account of the Severance Tax Trust Fund.

Departments Contacted

Agriculture

Natural Resources